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## Venezuela

## Oilseeds and Products

## Annual

## 2003

Approved by:

**Leanne E. Hogie**

**U.S. Embassy**

Prepared by:

Ms. Mora Paiva

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### Report Highlights:

**While demand for all oilseeds and products in Venezuela is dampened this year due to the severe recession the economy is suffering, demand for U.S. product appears to be strengthening as geographic proximity allows for more rapid re-supply. However, imports have been hampered by restrictions on issuance of import licenses and permits, and more recently by restrictions on access to foreign exchange. Local production of oilseeds remains minimal.**

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Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Caracas [VE1], VE

## Table of Contents

Production .....	2
Consumption .....	2
Trade .....	2
Soybean PSD Table .....	4
Soybean Oil PSD Table .....	5
Soybean Meal PSD Table .....	6
Soybean Import Matrix .....	7
Soybean Oil Import Matrix .....	8
Soybean Meal Import Matrix .....	9

**Executive Summary**

While demand for all oilseeds and products in Venezuela is dampened this year due to the severe recession the economy is suffering, demand for U.S. product appears to be strengthening as geographic proximity allows for more rapid re-supply. However, imports have been hampered by restrictions on issuance of import licenses and permits, and more recently by restrictions on access to foreign exchange. Local production of oilseeds remains minimal. For additional background information see GAIN Report VE2005.

## Production

Increased domestic production of oilseeds remains in the planning stages, with soybean production still not expected to exceed 10,000 tons, and palm oil plantations struggling. Increased costs of imported inputs such as seeds and fertilizer are complicating expansion decisions, as is difficulty with obtaining financing. Increases in palm plantations are not expected in 2003, and the country will remain heavily dependent on imported oils and protein meals.

## Consumption

Meal demand is expected to be hardest hit in 2002/03, as demand for pork and poultry has slumped due to lack of consumer purchasing power. With price controls set on the meats at levels producers say are too low to cover costs of production, a significant contraction in meat production is expected this year, with a resulting decline in meal demand.

Edible oil demand is expected to remain high, as this cooking staple will remain in demand even in the face of price increases exceeding 150 percent in local currency terms in during the past year. The local industry uses about 60 percent soybean oil that it blends with sunflowerseed, corn, sesame, and palm oils to manufacture local brands.

## Trade

Trade estimates are extremely volatile given the economic recession and the exchange rate controls. At the end of a two-month work stoppage in January 2003, the Venezuelan government put in place currency exchange controls to halt capital flight on January 22. Importers have not had access to foreign exchange since that time, although the government has stated that it's first priority will be funds for food and medicine imports. Post forecasts seed imports to be down significantly this year due to the economic difficulties.

Meal imports are forecast down only slightly in 2002/03, mainly due to the increase of a soybean meal and corn-mixing project under which the resulting protein mix is exported to Colombia. Meal exports reflect the increase in that trade. Overall meal imports could increase significantly if the government removes the restrictions on foreign exchange and licensing, as there is significant latent demand in the domestic industry.

The level of edible oil imports will also be affected by the availability of foreign exchange. The forecasts in this report assume that foreign exchange will be made available to the private sector in the near future. If that is not the case, oil imports could be significantly lower. However, there are reports that the Venezuelan government has made limited purchases of bottled vegetable oil, and could increase its purchases in the future.

The following table illustrates the tariffs applied to the soybean complex for various countries.

HS Code	Product Description	Andean Community *	Argentina/ Brazil	Paraguay	U.S.
1201	Soybeans	0%	7 % (40 of DAV)	15% +/- DAV	15% +/- DAV
1208	Soybean flour	0%	15% +/- DAV	15% +/- DAV	15% +/- DAV
1507	Soybean oil, crude	0%	13% (35% of DAV)	1% (95% of DAV)	20% +/- DAV
1507.90	Soybean oil, others	0%	15% +/- DAV	1.6% (92% of DAV)	20% +/- DAV
2304	Soybean meal	0%	13% (35% of DAV)	5% (75% of DAV)	20% +/- DAV

DAV: Variable Ad Valorem Duties, changes every two weeks by the Andean Community Price Band System

\* Andean Community Countries: Bolivia, Colombia, Ecuador, Peru and Venezuela

Source: Venezuelan Tariff Schedule

**Soybean PSD Table**

PSD Table							
Country	Venezuela						
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)		
	Revised	2002	Preliminary	2003	Forecast	2004	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		10/2001		10/2002		10/2003	MM/YYYY
Area Planted	6	6	6	6	0	6	(1000 HA)
Area Harvested	6	6	6	6	0	6	(1000 HA)
Beginning Stocks	4	4	4	3	0	6	(1000 MT)
Production	10	10	10	10	0	6	(1000 MT)
MY Imports	190	176	200	120	0	150	(1000 MT)
MY Imp. from U.S.	80	80	80	60	0	85	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	204	190	214	133	0	162	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Crush Dom. Consumption	198	185	208	125	0	156	(1000 MT)
Food Use Dom. Consump.	1	1	1	1	0	1	(1000 MT)
Feed,Seed,Waste Dm.Cn.	1	1	1	1	0	1	(1000 MT)
TOTAL Dom. Consumption	200	187	210	127	0	158	(1000 MT)
Ending Stocks	4	3	4	6	0	4	(1000 MT)
TOTAL DISTRIBUTION	204	190	214	133	0	162	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

**Soybean Oil PSD Table**

PSD Table							
Country	Venezuela						
Commodity	Oil, Soybean				(1000 MT)(PERCENT)		
	Revised	2002	Preliminary	2003	Forecast	2004	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		10/2001		10/2002		10/2003	MM/YYYY
Crush	198	185	208	125	0	156	(1000 MT)
Extr. Rate, 999.9999	0.181818	0.178378	0.182692	0.184	0	0.192308	(PERCENT)
Beginning Stocks	6	6	7	18	0	10	(1000 MT)
Production	36	33	38	23	0	30	(1000 MT)
MY Imports	200	214	205	195	0	205	(1000 MT)
MY Imp. from U.S.	8	3	0	5	0	5	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	242	253	250	236	0	245	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	5	5	5	5	0	5	(1000 MT)
Food Use Dom. Consump.	230	230	238	221	0	225	(1000 MT)
Feed Waste Dom. Consum	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	235	235	243	226	0	230	(1000 MT)
Ending Stocks	7	18	7	10	0	15	(1000 MT)
TOTAL DISTRIBUTION	242	253	250	236	0	245	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

**Soybean Meal PSD Table**

PSD Table							
Country	Venezuela						
Commodity	Meal, Soybean				(1000 MT)(PERCENT)		
	Revised	2002	Preliminary	2003	Forecast	2004	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		10/2001		10/2002		10/2003	MM/YYYY
Crush	198	185	208	125	0	156	(1000 MT)
Extr. Rate, 999.9999	0.79798	0.783784	0.798077	0.8000	0	0.801282	(PERCENT)
Beginning Stocks	74	74	35	30	0	18	(1000 MT)
Production	158	145	166	100	0	125	(1000 MT)
MY Imports	600	527	660	515	0	550	(1000 MT)
MY Imp. from U.S.	100	65	110	200	0	210	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	832	746	861	645	0	693	(1000 MT)
MY Exports	0	45	0	100	0	100	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consump.	2	2	2	2	0	2	(1000 MT)
Feed Waste Dom. Consum	795	669	824	525	0	553	(1000 MT)
TOTAL Dom. Consumption	797	671	826	527	0	555	(1000 MT)
Ending Stocks	35	30	35	18	0	38	(1000 MT)
TOTAL DISTRIBUTION	832	746	861	645	0	693	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)



**Soybean Import Matrix**

Import Trade Matrix			
Country	Venezuela		
Commodity	Oilseed, Soybean		
Time period	10/00	Units:	1,000 mt
Imports for:	2001		2002
U.S.	67	U.S.	80
Others		Others	
Argentina	27	Argentina	30
Bolivia	22	Brazil	66
Brasil	68		
Total for Others	117		96
Others not Listed			
Grand Total	184		176

**Soybean Oil Import Matrix**

Import Trade Matrix			
Country	Venezuela		
Commodity	Oil, Soybean		
Time period	10/00	Units:	1,000 mt
Imports for:	2001		2002
U.S.	8	U.S.	3
Others		Others	
Argentina	60	Argentina	32
Bolivia	85	Bolivia	107
Paraguay	31	Paraguay	51
Uruguay	11	Uruguay	18
Total for Others	187		208
Others not Listed			3
Grand Total	195		214

**Soybean Meal Import Matrix**

Import Trade Matrix			
Country	Venezuela		
Commodity	Meal, Soybean		
Time period	10/00	Units:	1,000 mt
Imports for:	2001		2002
U.S.	114	U.S.	65
Others		Others	
Argentina	13	Argentina	31
Bolivia	399	Bolivia	416
Brasil	20	Canada	5
Chile	6	Paraguay	4
Curacao	1		
Panama	4		
Paraguay	51		
Peru	2		
Uruguay	54		
Total for Others	550		456
Others not Listed			6
Grand Total	664		527

Prices Table			
Country	Venezuela		
Commodity	Oil, Soybean		
Prices in	Bolivars	per uom	liter
Year	2001	2002	% Change
Jan	974.89	921.31	-5.50%
Feb	971.91	961.21	-1.10%
Mar	969.69	1197.87	23.53%
Apr	957.89	1292.62	34.94%
May	949.14	1312.52	38.29%
Jun	950.32	1634.38	71.98%
Jul	938.4	1589.63	69.40%
Aug	926.24	1784.14	92.62%
Sep	917.45	1965.89	114.28%
Oct	926.1	2154.37	132.63%
Nov	913.21	2245.93	145.94%
Dec	913.69	3000	228.34%
Exchange Rate	1600	Local currency/US \$	
Date of Quote	03/17/03	MM/DD/YY YY	

Note: Prices for Blended Oils

Source: National Statistics Institute (INE)